



Maryland Department of Housing
and Community Development
Kenneth C. Holt, Secretary
Tony Reed, Deputy Secretary

Wednesday, April 04,
2018

2017 Maryland Qualified Allocation Plan (QAP) & Multifamily Rental Financing Program Guide (Guide)

**Pre-Round Information Session for
the 2018 Competitive Funding Round**

Deadline: Friday, May 18, 2018

PURPOSE OF TODAY'S MEETING

- Provide information about:
 - Resources available for the Round
 - Application and Administrative Processes
 - Review Threshold and Scoring Items
- Provide opportunity for questions and answers

RESOURCES AVAILABLE

ROUND DEADLINE: May 18, 2018

LIHTCs:

(approximately) \$14 M

This fully allocates DHCD's CY 2019 Tax Credits, including the 12.5% Omnibus Spending Bill "Boost"

Rental Housing Financing Programs (RHFPs):

(approximately) \$14 M

including

RHFPs and HOME

This fully allocates DHCD's FY 2019 funds

THE VOLUNTARY CONCILIATION AGREEMENT (VCA) AMONG HUD, BRHC, AND MARYLAND DHCD

- VCA executed on September 22, 2017
- The terms include financing at least 1,500 units of rental housing for families in Communities of Opportunity within the Baltimore Region with Low Income Housing Tax Credits
 - At least 1,050 of the 1,500 must be newly constructed
 - Up to 450 units may be the acquisition and rehabilitation of existing rental housing
 - COOs in the Baltimore Region include COOs in Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, and Baltimore City.
- Changes have been made to the scoring criteria outlined in the Guide to reach the established terms

PRE-APPLICATION MEETINGS

- Pre-Application meetings are *optional*
- Provide an opportunity to receive feedback on proposed project specifics
- E-mail Keith Ashford at Keith.Ashford@Maryland.Gov or call him at 301-429-7781 to schedule a meeting
- Meetings will generally be scheduled for 45 minutes:
 - Tuesdays and Thursdays
 - Between 10:30 am -12:30 pm or 1:30 - 3:30 pm

APPLICATION SUBMISSION

- **Applications are due by 5 pm on Friday, May 18, 2018**
- **MUST** use New Application Submission Kit dated March 19, 2018
<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx#appdocs>
- Submit two (2) copies of the complete application, including attachments and exhibits. *A CD including the market study, CDA Form 202, Building Evaluation Report and Plans (including the building elevation, floor plans and site map) must be included in one binder*
- Submit Application into Multifamily Information System. Email Brenice.Sterling@Maryland.Gov or Lorrie.Kirschner@Maryland.Gov for log in
- Application fee of \$2,500 for each project must be submitted (under separate cover) at the same time as or before application submission to **Post Office Box 2521, Landover Hills, MD 20784**

Incomplete applications will not be considered.



APPLICATION & ADMINISTRATIVE INFORMATION

- **Waivers:**

- In accordance with Section 5 of the Guide, waiver requests must be submitted *in writing* to Gregory Hare, Director, Multifamily Housing (Gregory.Hare@Maryland.gov)
- Submit no later than **30 days** in advance of Round deadline (i.e., by **Wednesday, April 18, 2018**)
- Applies only to Rental Housing Financing Program and State-imposed criteria for LIHTC and MBP
- Federal regulations affecting LIHTC, HOME and MBP may not be waived

2017 QAP AND GUIDE – OVERVIEW

The QAP and Guide are used to review:

- Competitive Round Applications for 9% LIHTCs & RHFPs
- Bond Applications and 4% LIHTCs (non-competitive)

Basic Review Process:

- Threshold Review
- Scoring

APPLICATION & CDA FORM 202 HIGHLIGHTS

- Certification *Moved from 202 to Application*
- Submit Current/Proposed Org Chart *New to Application*
- Supplement to AIA Doc A305 – Contractor's Qualification Statement *Moved from Stand-Alone Document to Application*
- Updated/New Certifications in Application
 - Affirmative Fair Housing Marketing (Exhibit F.2)
 - Transit Oriented Development (Exhibit I)
 - Additional Incentives (Exhibit M)
- Self-Score *Consolidated into 202*

GENERAL OVERVIEW: THRESHOLD



2017 QAP AND GUIDE HIGHLIGHTS

- **3.3.2 Affirmative Fair Housing Marketing:**
 - Formalize arrangements with contracts or MOUs to provide notice of unit availability and accept referrals
 - Annual voucher certification
 - Develop marketing strategies to identify applicants least likely to apply
- **3.4 Tenant Services:**
 - Demonstrate services for persons experiencing homelessness or families will be provided in cooperation with local Continuum of Care
- **3.5.2 Family Housing Developments – Units Reserved for Persons with Disabilities:**
 - Family projects that meet Section 811 requirements must accept subsidies and comply with program requirements if offered by DHCD

THRESHOLD: DEVELOPMENT QUALITY (DQ)

Focus on Durability, Sustainability and Cost Effectiveness.

NOTE: Bond projects also must meet threshold DQ standards

- **2018 IECC and ASHRAE 90.1-2013** considered base for measuring energy efficiency
- Energy Star HVAC Systems with ductwork serving all major rooms in new construction
- Energy Audits not required at time of application for Rehabilitation projects; however, if a project receives a competitive award of LIHTC and/or RHFP, a comprehensive energy audit must be submitted within 90 days of issuance of a Reservation Letter (**Section 3.14.1**)
- Base Level Green Standards (**Section 3.13.2**) and Base Level Energy Standards (**Section 3.14.1**)
- New Construction, Gut Rehabilitation, and Change of Use projects do not need to submit an energy audit (**Section 3.13.3**)

Questions? Contact Gani Adeyemi or Steve Ferreri

Gani.Adeyemi@Maryland.Gov or Stephen.Ferreri@Maryland.Gov

GENERAL OVERVIEW: SCORING



Scoring: Based On 199 Points

Category	Points	
Capacity of Development Team	74	<ul style="list-style-type: none"> • Team Experience • Negative points for processing time, compliance and asset management issues • Financial Capacity • Nonprofit/PHA/MBE scoring
Community Context	16	<ul style="list-style-type: none"> • Community Impact or Communities of Opportunity • Defined Planning Areas (Rural, Sustainable Communities, and
Transit Oriented Development (TOD)	8	<ul style="list-style-type: none"> • MDOT designated • Radius of a public transportation boarding and alighting location • Availability of Transportation Services • Walk Score
Public Purpose	49	<ul style="list-style-type: none"> • Income Targeting • Section 811 PRA/special needs housing • Family units with 2, 3+ bedrooms • Tenant Services • Mixed Income • Additional Incentives
Leveraging & Cost Effectiveness	21	<ul style="list-style-type: none"> • Direct Leveraging • Operating Subsidies • Cost Incentives
Development Quality	31	<ul style="list-style-type: none"> • Green Features • Energy and Water Conservation and Sustainability • Project Durability and Enhancements

Community Impact Projects -16 max. pts. (Section 4.2.1)

- Community Impact Project
 - Family or Senior Housing in a QCT/DDA with concerted community revitalization plan
- Concerted Community Revitalization Plan
 - Geographically specific
 - Outlines a clear plan for implementation and goals for outcomes
 - Includes a strategy for applying for or obtaining commitments of public or private investment (or both) in non-housing infrastructure, amenities, or services
 - Demonstrates the need for community revitalization

Transit Oriented Development (TOD)-8 max. pts. (Section 4.3)

8 points if either:

- MDOT Designated
- Within one-half mile (1/2) radius of a passenger boarding and lighting location of a planned or existing transit rail stop or station;
- Within one-half (1/2) mile radius of two separate bus lines, where passengers can transfer from one line to another;
- A project located in an area defined as rural by DHCD or USDA and located within one (1) mile radius of a passenger boarding and alighting location of a planned or existing bus or transit rail stop;
- A family housing project in a COO and either:
 - Within two (2) mile radius of a passenger boarding and alighting location of a planned or existing bus or transit rail stop or station
 - Provides or arranges alternate forms of free or subsidized transportation services and assistance for residents between 8 am and 6 pm M-F

Transit Oriented Development (TOD)-8 max. pts. (Section 4.3) continued

4 points if either:

- Served by Demand Responsive Transit accessible and offered between 8 am and 6 pm M-F
- Offers car sharing

WALK Score:

- Located in a transit proximate development that promotes walkability and/or bike friendly land use with easy access to mass transit and retail store locations

WALK Score Range	Points
50 – 59	2
60 – 69	4
70 – 79	6
80 and Above	8

Income Targeting-14 max. pts. (Section 4.4.1)

- Weighted average of AMI table updated to include half points
 - When calculating weighted average round to the nearest one hundredth of percentage point
- One (1) additional point awarded to family projects in a COO in the Baltimore Region (Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, and the City of Baltimore)

Family Housing – 8 max. pts. (Section 4.4.3)

Up to 8 points based on table below:

Points Awarded	Project Must Meet Requirements in <u>Both</u> Columns Below and Must Not Any Age Restrictions on Tenants	
	<i>Minimum % of Units in Project with 2 BRs, 3 BRs, or more</i>	<i>Minimum % of Units in Project with 3 BR or more</i>
2	65%	5% - 9%
3	60%	10% – 19%
4	60%	20% - 24%
5	65%	20% - 24%
6	60%	25% - 29%
7	65%	25% - 29%
8	60%	30% or more

Four points if:

- 100% of the units have a preference for Veterans or homeless and at least 20% of the units are two (2) bedrooms or larger

Additional Incentives – 4 max. pts. (Section 4.4.6)

- Four (4) points for family housing in COOs in the Baltimore Region if all of the following apply:
 - At least 60% of units are newly constructed* with affordability restrictions for at least 40 years
 - Project agrees to provide or arrange accessible transport to an existing bus or transit rail stop or station, OR can demonstrate that mobility/paratransit service is already available**
 - Certifies that service will be offered between 8 AM and 6 PM M-F

*Newly constructed includes new construction on vacant land and conversion of existing non-residential buildings into rental housing

**New layer for MTA Paratransit Service Areas added to Multifamily Mapper (<http://www.dhcd.state.md.us/GIS/multifamily/index.html>)

Additional Incentives – 4 max. pts. (Section 4.4.6) continued

- Three (3) Points to any project located within the boundaries of, and contributing to, a “Choice Neighborhood”
- Two (2) Points to any project not in a Baltimore Region COO that involves the acquisition and rehabilitation of an existing multifamily rental housing development, whether or not it has existing rent or income restrictions, provided the project agrees to affordability restrictions for at least 40 years

Leveraging and Cost Effectiveness (Section 4.5)

Direct Leveraging (Section 4.5.1)

- LIHTC Raise – Up Rate: \$0.90
- Local Contribution table updated to include half points
- One (1) additional point for family projects in a COO in the Baltimore Region

Leveraging and Cost Effectiveness (Section 4.5) continued

Construction & Rehab Cost Incentives (Section 4.5.3)

For the May 18, 2018 Round, the construction cost limits of Section 4.5.3 have been increased as follows:

- Up to eight (8) points will be deducted from any large project, and up to six (6) points deducted from small projects (40 units), with construction costs per square foot in excess of:

Type of Building	New Construction	Rehabilitation
Cottage, Single Family, Semi-detached Dwellings, and Townhomes	\$175	\$ 180
Garden Apartments	\$ 147	\$ 112
Non-elevator Stacked Units and Buildings with 4 stories or less	\$ 160	\$ 131
Elevator Buildings of 5 or more stories	\$ 175	\$136

* Cost limits increased by 10 percent from last update in 2016

FEDERAL FY 18 OMNIBUS SPENDING BILL -- IMPACT ON LIHTC PROGRAM

LIHTC Increase

- 12.5% increase in allocated credits will be deployed through Competitive Funding Round. For CY 2018, we estimate the 12.5% increase will take Maryland's allocation from \$14.4M to \$16.2M.

Income Averaging

- CDA and the Office of the Attorney General are discussing impact of this change, including how it interacts with State Fund statute/regulations, tax-exempt bond rules, etc.
- CDA will not make any changes to application requirements, threshold review or scoring requirements in the upcoming Funding Round as a result of Income Averaging
- Applies only to projects which have not yet made a Set Aside Election in conformance with the Code
- Expect a technical amendment to the QAP within the next 90 days
- Comments and input on this topic are encouraged as CDA considers implementation of this new provision

QUESTIONS?

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